

**PERFORMANCE EVALUATION PLAN
FOR
EVALUATING CONTRACTOR PERFORMANCE
AT THE
NATIONAL RENEWABLE ENERGY LABORATORY**

1.0 PERFORMANCE EVALUATION PLAN

The Performance Evaluation Plan (PEP) governs assessment of Contractor performance for Contract No. DE-AC36-98GO10337 at the National Renewable Energy Laboratory (NREL). The PEP describes system attributes including performance expectations, roles and responsibilities, and the process by which Contractor performance will be evaluated for purpose of determining fee earned by the Contractor.

2.0 REFERENCES AND DEFINITIONS

- 2.1 Documents governing this PEP include, but are not limited to, the following:
- Proposed Rule , *Department of Energy Management and Operating Contracts and Other Designated Contracts*, 48 CFR Parts 915 and 970, Federal Register, April 10, 1998
 - Acquisition Letter No. 97-06, August 28, 1997
 - Acquisition Letter No. 97-08, December 8, 1997
 - Acquisition Letter No. 97-09, December 8, 1997
- 2.2 Definition of terms used within this PEP are as follows:
- Award fee cycle – The October 1 through September 30 fiscal year
 - Award fee period – A defined, discrete portion of an award fee cycle
 - Critical outcomes – The few highest level outcomes/areas on which Contractor success will be judged
 - Performance objectives – The key elements of each critical outcome that will be achieved
 - Performance indicators – Accomplishments described in terms of "Attributes and Impacts" that indicate the Contractor is meeting performance objectives

3.0 AVAILABLE FEE AND AWARD FEE CYCLE AND PERIODS

- 3.1 Available fee will be determined in accordance with Section H-8 of the Contract and will be negotiated with the Contractor. Available fee will be discounted by the appropriate Fee Discount Factor.
- 3.2 Award fee equals 100% of available fee on this Contract. No base fee is available.
- 3.3 Unearned fee at the end of the first award fee period may, at the sole discretion of the Fee Determining Official, be allocated to the second award fee period in accordance with Section I-42 of the Contract. The Contractor shall be entitled to earn the 'carry-over' fee only if its overall performance in the second award fee period demonstrates an improvement over the first award fee period. Unearned fee may be used for reimbursement of allowable costs at the end of an award fee cycle.
- 3.4 Final fee determinations must be made within 60 calendar days of receipt of the Contractor's Self-Assessment. If determinations are delayed beyond 60 calendar days the Contractor shall be entitled to interest on the award fee amount in accordance with Section I-42 of the Contract.
- 3.5 The Contractor will be evaluated by DOE twice annually. Available fee shall be allocated equally between award fee periods even if they are unequal in duration. DOE will annually define the two award fee periods within each award fee cycle.

Award Fee Cycles, Award Fee Periods, and Available Fee		
Award Fee Cycles and Periods	Calculated Maximum Available Fee	Discounted Available Fee
FY 1999 Award Fee Cycle		
April 1, 1999 through September 30, 1999	\$2,727,273	\$2,700,000
FY 2000 Award Fee Cycle	\$TBD	\$TBD
October 1, 1999 through January 31, 2000		
February 1, 2000 through September 30, 2000	\$TBD	\$TBD
FY 2001 Award Fee Cycle		
October 1, 2000 through January 31, 2001	\$TBD	\$TBD
February 1, 2001 through September 30, 2001	\$TBD	\$TBD
FY 2002 Award Fee Cycle		
October 1, 2001 through January 31, 2002	\$TBD	\$TBD
February 1, 2002 through September 30, 2002	\$TBD	\$TBD
FY 2003 Award Fee Cycle		
October 1, 2002 through January 31, 2003	\$TBD	\$TBD
February 1, 2003 through September 30, 2003	\$TBD	\$TBD

4.0 CONTRACTOR SELF-ASSESSMENT

- 4.1 The Contractor is required to implement a comprehensive Self-Assessment Program in accordance with Section H-8 of the Contract. The Contractor shall submit a Self-Assessment 30 calendar days after each award fee period ends. This Self-Assessment shall address both the strengths and weaknesses of the Contractor's performance across all elements of the Statement of Work (SOW) and should address the agreed-upon critical outcomes, performance objectives, and performance indicators. Where deficiencies are noted, the Contractor shall describe the actions planned or taken to correct such deficiencies and to avoid their recurrence. The Fee Determining Official will review the Contractor's Self-Assessment as part of his/her evaluation of the Contractor's management during the award fee period. An unrealistic Self-Assessment will result in lower award fee determinations. The Contractor will not be penalized for a realistic Self-Assessment, although deficiencies noted by the Contractor may be reflected in the Department of Energy's (DOE) evaluation. The Self-Assessment submitted will not be the basis for award fee determination.

5.0 PERFORMANCE METRICS AND EVALUATION OF PERFORMANCE

- 5.1 Performance metrics for this Contract will be derived from various sources including the DOE-approved NREL 5-Year Plan, EE Strategic Plans, Annual Operating Plans, etc., will be aligned with the elements of the SOW, and will directly support the Office of Energy Efficiency and Renewable Energy's strategic goals and commitments.
- 5.2 Performance metrics for this Contract shall consist of critical outcomes, performance objectives, and performance indicators. Performance metrics for this award fee cycle and period, and weightings, if any, are contained in Attachment 3.

Critical Outcomes – The Contractor is responsible for and will be assessed against all elements of the SOW. These elements may be changed by DOE if and when the SOW is modified. These elements are:

- **Science and Technology** – Conduct energy research, development, demonstration, and facilitation of private sector deployment activities leading to viable technology options that span energy pathways from supply options through conversion and delivery to end use applications.
- **Leadership** – Provide leadership to promote NREL's national and international standing, ensure intellectual excellence, and foster responsible stewardship of the DOE resource.
- **Deployment, Outreach, and Communications** – Increase energy technologies awareness and facilitate deployment through effective technology transfer, technical assistance, educational, and communication activities to benefit customers and stakeholders.
- **Laboratory Viability** – Ensure the long-term viability of NREL through enhancement of institutional visibility and assuring retention of core scientific and business competencies and facility capabilities.
- **Mission Support** – Implement, streamline, and enhance NREL support systems to allow for efficient execution of the RD&D mission and to guide decision-making.
- **Environment, Safety, and Health** – Ensure that NREL protects the safety and health of the workforce and the community, and protects the environment.

Performance Objectives – The Contractor's success in achieving the critical outcomes will be judged, in part, on the Contractor's success in meeting established performance objectives. Performance objectives are generally negotiated between the Contractor and DOE and may change across award fee periods. Performance objectives are derived primarily from the DOE-approved NREL 5-Year Plan.

Performance Indicators – The Contractor's success in fulfilling a performance objective will be judged, in part, on the Contractor's success in meeting established performance indicators. Performance indicators are generally negotiated between the Contractor and DOE and may change as appropriate across award fee periods.

- 5.3 Payment of fee to the Contractor is conditioned upon meeting the minimum performance expectations specified in the Contract.
- 5.4 DOE and the Contractor will work together to establish performance metrics. Proposed Contractor performance metrics are due annually to the Contracting Officer no later than August 15 . Should the Contractor and DOE not agree upon performance metrics, DOE will unilaterally establish metrics in accordance with the terms of the Contract.
- 5.5 Consistent with the 'award fee' nature of this Contract, evaluation of the Contractor's performance is substantially subjective and will be determined unilaterally by DOE.
- 5.6 The Contractor's success will be evaluated against the fulfillment of the SOW. Progress toward meeting performance objectives as evidenced by performance indicators is one factor considered by DOE in evaluation of the Contractor and will serve only to guide DOE's assessment of the Contractor's performance. Completion of individual tasks and/or activities do not, in and of themselves, constitute successful Contractor performance.
- 5.7 DOE may use any information available in assessing the Contractor's performance.

6.0 FEE DETERMINING OFFICIAL, PERFORMANCE EVALUATION BOARD, AND PERFORMANCE MONITORS

- 6.1 The Fee Determining Official (FDO) for this Contract is the Manager, Golden Field Office.
- 6.2 A Performance Evaluation Board (PEB) will implement the PEP and is responsible for preparing the evaluation and associated fee recommendation for FDO review and approval. The PEB shall consist of the following voting members:

Member	Deputy Assistant Secretary, Office of Power Technologies
Member	Deputy Assistant Secretary, Office of Transportation Technologies
Member	Deputy Assistant Secretary, Rotating (OBT, OIT, FEMP)
Member	Director, EE Office of Management and Operations
Member	Director, EE Office of Budget, Planning, and Customer Service
Member	Deputy Manger, Golden Field Office
Member, Executive Secretariat	Assistant Manger for Laboratory Operations, Golden Field Office

6.3 Performance Monitors for NREL RD&D programs and operations shall be appointed by the PEB.

7.0 CALCULATION OF EARNED AWARD FEE

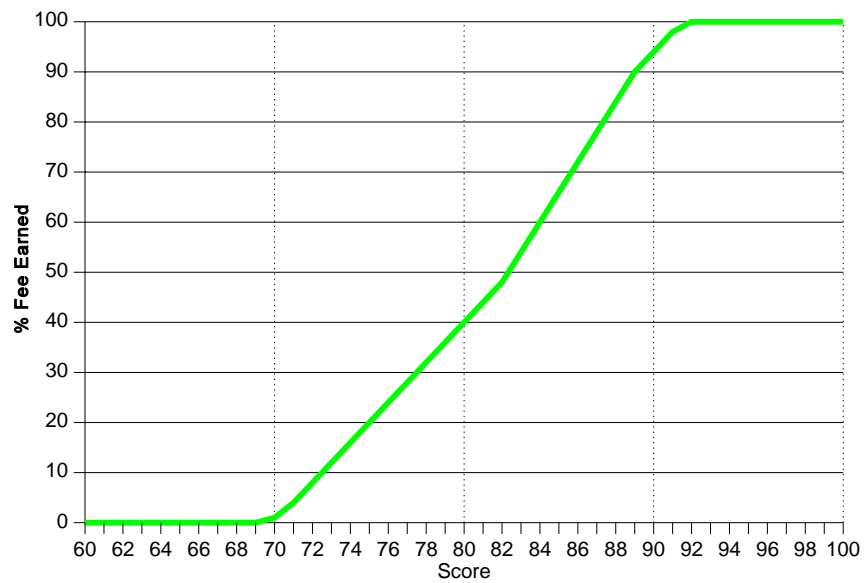
7.1 Earned fee shall be calculated in accordance with the table below. For performance scores falling between the values given, the percentage of award fee shall be computed by linear interpolation between the above values. For purposes of computing the award fee, percentages shall be computed to the nearest tenth of a percent.

Adjectival Ratings and Fee Earned		
Adjective Score	Performance Score	Award Fee Earned (%)
Outstanding - Performance substantially exceeds expected levels of performance. Several significant* or notable** achievements exist. No notable deficiencies exist.	92-100 91 90	100 98 94
Excellent - Performance exceeds expected levels and some notable achievements exist. Although some notable deficiencies may exist, no significant deficiencies exist.	89 88 <u>87</u> 86 85 84 <u>83</u> 82 81 80	90 84 78 72 66 60 54 48 44 40
Good - Performance meets expected levels. Minimum standards are exceeded and "good practices" are evident in contract operations. Notable achievements or notable deficiencies may or may not exist.	79 78 <u>77</u> 76 75 74 <u>73</u> 72 71 70	36 32 28 24 20 16 12 8 4 1
Marginal - Performance is less than expected. No notable achievements exist; however, some notable deficiencies exist, or any notable achievements exist which are more than offset by significant or notable deficiencies.	69 68 <u>67</u> 66 65 64 <u>63</u> 62 61 60	0 0 0 0 0 0 0 0 0 0
Unsatisfactory - Performance is below minimum acceptable levels. Significant deficiencies causing severe impacts on mission capabilities exist. Performance at this level in <u>any</u> area mentioned in the Performance Evaluation Plan may result in a decision by the Fee Determining Official to withhold all award fee for the period.	59 And Below	0

* Significant - This term signifies a major event or sustained level of performance which, due to its importance, has a substantial impact on the Contractor's ability to carry out its mission.

** Notable - This term signifies an event or sustained level of performance which is of lesser importance than a "significant" event, but nonetheless deserves some recognition.

Fee Curve for the NREL Contract



8.0 CHANGE CONTROL

Changes to the Performance Evaluation Plan can only be made upon approval of the Contracting Officer.

ATTACHMENT 1

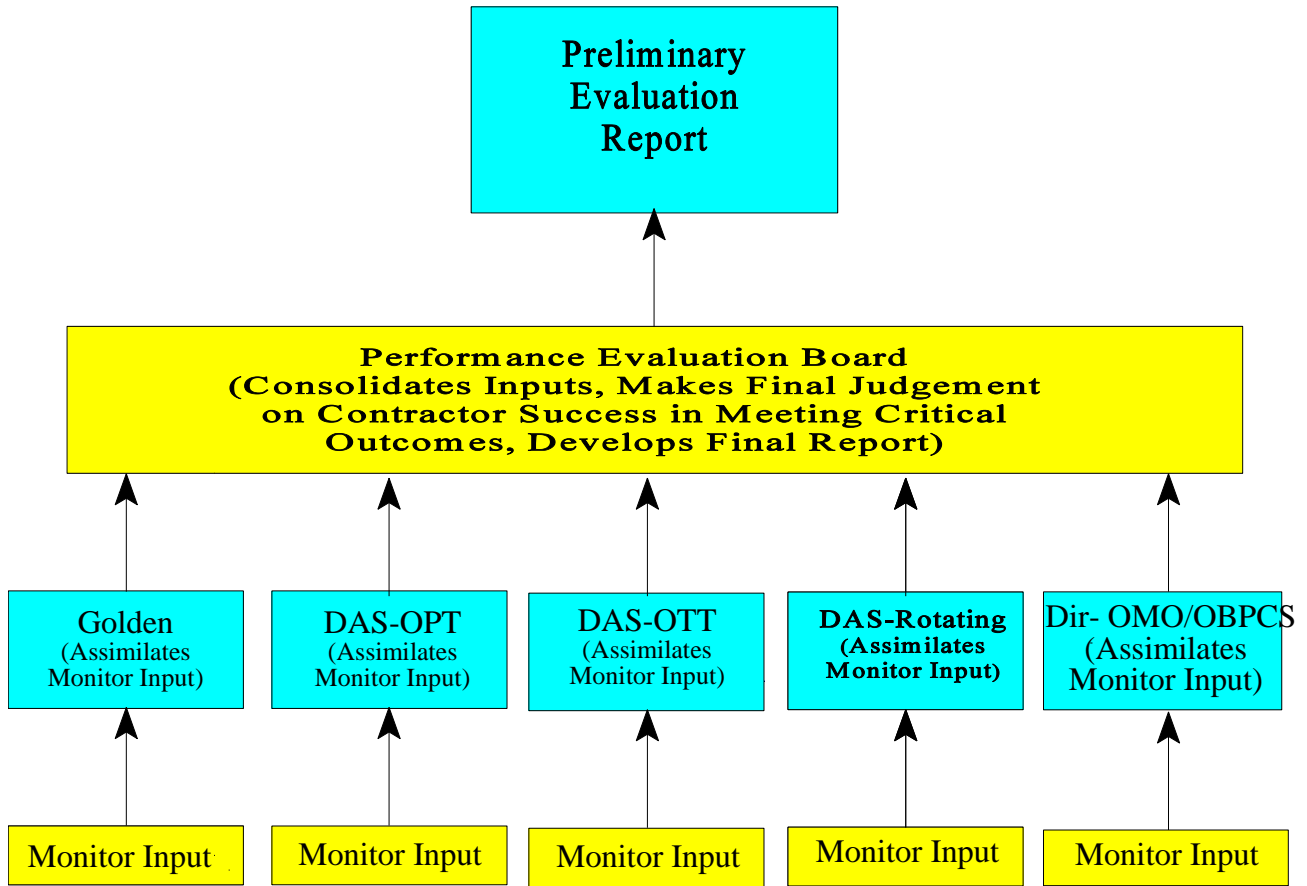
FRAMEWORK OF THE PEP AWARD FEE CYCLE

- 1) Cost Proposal submitted to the Contracting Officer no later than August 15 annually. Fee negotiations to determine the amount of available fee completed by September 30 annually.
- 2) The Contractor submits proposed performance objectives and performance indicators to the Contracting Officer annually no later than August 15. The PEB members approve final performance metrics. DOE-approved performance metrics are forwarded to the Contractor prior to the performance period. The Executive Secretariat will coordinate the performance metric development and approval process with the Contracting Officer.
- 3) The Contractor submits the Self-Assessment to the Contracting Officer 30 calendar days from the end of the award fee period. The Executive Secretariat forwards the Contractor's Self-Assessment to individual Performance Monitors.
- 4) Individual Performance Monitors submit evaluations to appropriate PEB representative approximately 45 calendar days from the end of the award fee period.
- 5) PEB representatives compile and assimilate individual Performance Monitor evaluations against the performance metrics for input to the PEB 60 calendar days from the end of the award fee period.
- 6) The PEB convenes to prepare an evaluation of the Contractor approximately 70 calendar days from the end of the award fee period. The PEB may use all available performance information as sources of input to its preliminary report.
- 7) The PEB will determine that minimum contract expectations (as specified in Part I, Section C. IV. of the Contract) have been met and will address such in the Award Fee Performance Evaluation Report.
- 8) A preliminary (draft) Award Fee Performance Evaluation Report shall be issued to the Contractor approximately 5 calendar days following the PEB meeting by the PEB Chairperson through the Contracting Officer. The Contractor shall be afforded an opportunity to review this report within 5 calendar days after receipt of report and then meet with the DOE representatives to discuss this evaluation. As soon as feasible, upon conclusion of this discussion, the PEB shall prepare and submit the final Award Fee Performance Evaluation Report to the FDO for the award fee determination. If so desired, the Contractor may submit written comments to the FDO within 5 calendar days of meeting with DOE on the draft Report.
- 9) The PEB Chairperson will prepare the Award Fee Performance Evaluation Report for the award fee period and submit it to the FDO as soon as feasible after the PEB's final report with a recommended award fee for the period with supporting documentation and all minority opinions or reports.
- 10) After receipt of the Contractor's statement, if any, the FDO shall, after consideration of the Contractor's statement, consider the recommendations of the PEB and any other pertinent facts and circumstances, and as soon as feasible after the end of each award fee period, make the determination of the final amount, if any, of award fee to which the Contractor is entitled. The FDO will be responsible for any necessary coordination with the Office of the Assistant Secretary. The Contracting Officer will authorize payment, via letter, of the amount of award fee which has been determined by the FDO for the applicable award fee period. Payment of fee, if any, must be authorized no later than 90 calendar days from the end of the performance period. If the determination is delayed beyond that date, the Contractor shall be entitled to interest on the determined award fee amount in accordance with Section I-42 (f).
- 11) In the event that the FDO determines the Contractor's performance to be unsatisfactory in any area of contract performance, even if no weight or fee is specifically assigned to the critical outcome, the FDO may, at his/her discretion, determine the Contractor's overall performance to be unacceptable, and accordingly may withhold any or all award fee for the award fee period.

- 12) The evaluation of the Contractor's performance, the determination with respect to the entitlement of award fee or the amount thereof by the FDO, and implementation thereof by contract amendment shall be final and is not subject to the "Disputes" clause of this contract.
- 13) Areas of performance considered to require improvement may be communicated in writing by the Contracting Officer to the Contractor at any time during the performance of the contract to enable the Contractor to improve contract performance. Lack of such notification does not constitute acceptable Contractor performance.

ATTACHMENT 2

DOE EVALUATION OF THE CONTRACTOR



ATTACHMENT 3

PERFORMANCE METRICS for the FY 1999 AWARD FEE CYCLE AND PERIOD

- 1) The Contractor is responsible for and will be assessed against all elements of the SOW.
- 2) DOE expects the Contractor to perform at the highest levels of excellence; however, the standard anticipated level of score of a qualified, competent, and successful Contractor is Good. DOE encourages the Contractor to exceed this expectation through leadership, innovation, and resourcefulness across all elements of the SOW. Performance scores above the standard level will reflect the extent to which the Contractor's actions, in DOE's sole judgment, contribute to advancing NREL's mission and yield more efficient, effective, and economical operation of NREL.
- 3) In addition to these metrics, certain minimum performance expectations are specified in the Contract and must be met each award fee period.
- 4) Success in the Science and Technology critical outcome is essential for the Contractor's performance to be judged as successful. No differential weighting has been assigned to any performance metrics.

FY 1999 Critical Outcomes, Performance Objectives, and Performance Indicators

- 1.0 **Science and Technology** – Conduct energy research, development, demonstration, and facilitation of private sector deployment activities leading to viable technology options that span energy pathways from supply options through conversion and delivery to end use applications.
 - 1.1 NREL will conduct high quality, externally-recognized scientific research and development programs.
 - C1.1.1 The composite assessment of NREL's science and technology efforts demonstrate that NREL's capabilities are distinctive and its products are of high quality.
 - C1.1.2 NREL's external recognition and visibility are enhanced.
 - 1.2 Demonstrate leadership in planning and managing programs to deliver key technical outcomes.
 - C1.2.1 The composite assessment of programmatic work conducted for DOE at NREL indicates that DOE priority needs are being met and mission relevant outcomes are being produced.
 - C1.2.2 Programmatic milestones representing key sector deliverables and achievement of strategic objectives are identified by DOE EE DASs and the FEMP program manager and accomplished by NREL.
 - C1.2.3 Uncosted balances for the Laboratory are maintained at the lowest feasible level.
- 2.0 **Leadership** – Provide leadership to promote NREL's national and international standing, ensure intellectual excellence, and foster responsible stewardship of the DOE resource.
 - 2.1 Establish an integrated planning and assessment process at NREL.
 - C2.1.1 NREL's 5-Year Plan is aligned with DOE EE strategic directions and through its implementation, contributes to accomplishing the missions of DOE EE and NREL.
 - C2.1.2 NREL's performance measurement process supports the implementation of the 5-Year Plan through a hierarchy of mutually agreed-upon critical outcomes and associated performance objectives and indicators, and provides NREL management meaningful information on its performance relative to these outcomes, objectives, and indicators.

- C2.1.3 NREL's National Advisory Council is established, is representative of NREL's stakeholders and DOE EE sector science and technology thrusts, and affects NREL's strategic planning.
- 2.2 Demonstrate leadership in developing new or enhanced programs at NREL.
 - C2.2.1 Provide leadership and support to DOE EE OPT in developing a market-driven, stakeholder supported 5-Year Plan and Roadmap for Distributed Power.
 - C2.2.2 The value of a National Bioenergy Center is defined and articulated to DOE as a first step in establishing such a center for DOE.
 - C2.2.3 Opportunities for expanded joint basic/applied research efforts are identified and shared with DOE EE senior management to facilitate discussions between DOE EE and the Office of Science.
 - C2.2.4 NREL will work with EE to develop a strategy to build a relationship with the natural gas industry and will pursue this relationship to meet the EE mission.
- 3.0 **Deployment, Outreach, and Communications** – Increase energy technologies awareness and facilitate deployment through effective technology transfer, technical assistance, educational, and communication activities to benefit customers and stakeholders.
 - 3.1 Establish a market-driven approach to technology development, facilitating commercialization, and deployment at NREL.
 - C3.1.1 Mutually agreed-upon goals for establishing stakeholder collaborations associated with technology deployment and facilitating commercialization are met, and the supporting infrastructure needed for technology deployment and facilitating commercialization is defined and then established, both facilitating effective deployment and commercialization of technology.
 - C3.1.2 Defined goals for obtaining patents, invention disclosures, licenses, and other deployments are established between NREL and DOE and met, resulting in deployment of DOE technology.
 - 3.2 Increase awareness and facilitate deployment of DOE EE technologies.
 - C3.2.1 NREL's stakeholder involvement strategy is closely linked to the strategic priorities of DOE EE and as it is implemented, contributes to DOE EE meeting its strategic performance objectives.
 - C3.2.2 Establish a consensus view of, and solicit support for, DOE EE's role in technology deployment and international programs.
 - 3.3 Establish strategy and action plan for Education Programs.
 - C3.3.1 NREL's strategy for education programs is aligned with the strategic priorities of DOE, and through its implementation, establishes NREL's purpose and role with educational institutions, and fosters the development of productive and supportive relationships with them.
- 4.0 **Laboratory Viability** – Ensure the long-term viability of NREL through enhancement of institutional visibility and assuring retention of core scientific and business competencies and facility capabilities.
 - 4.1 Build and sustain the core technical competencies of NREL (capabilities, facilities, and equipment).
 - C4.1.1 Programs, processes, and mechanisms are established at NREL that result in strategic investments being made in capability building and program development consistent with the 5-Year Plan.
 - C4.1.2 Strategic hires are made in NREL's research centers that move the Laboratory toward achieving its strategic objectives as identified in the 5-Year Plan, and strengthen NREL's technical foundations.

- C4.1.3 Physical facility additions and/or modifications are derived from programmatic needs or DOE EE sector approved science and technology thrusts/initiatives, as represented in the 5-Year Plan, and implemented.
- 4.2 Train, develop, and retain diverse human resources at NREL.
 - C4.2.1 The work environment at NREL will support individual contribution and foster staff growth, development, and diversity.
 - C4.2.2 The skills and abilities of NREL leaders are developed and enhanced consistent with mission priorities and the needs of the organization.
- 4.3 Enhance the visibility of NREL.
 - C4.3.1 NREL's National Public Outreach Plan contributes to the DOE EE missions and enhances the visibility and reputation of NREL.
 - C4.3.2 Feedback from local and regional stakeholders regarding NREL as a community member is integrated into NREL's planning and assessment processes and acted upon as appropriate.
- 5.0 **Mission Support** – Implement, streamline, and enhance NREL support systems to allow for efficient execution of the RD&D mission and to guide decision-making.
 - 5.1 Demonstrate operational excellence and efficiency.
 - C5.1.1 An ongoing process for identifying and implementing operating improvements within the Laboratory is established and when implemented, results in cost reductions, efficiency gains, and/or productivity enhancements.
 - C5.1.2 NREL's procurement and subcontracting activity is managed such that Laboratory-level goals for competitive procurement are met.
 - C5.1.3 NREL's business management practices result in efficiency and cost effectiveness, and enable the accomplishment of strategic objectives.
 - C5.1.4 NREL's Foreign National Program will be implemented and managed such that foreign national access reports are maintained and provided to DOE Headquarters, and foreign national work permit documentation is monitored for accuracy and status.
 - 5.2 Build and maintain appropriate enabling infrastructure to support technical, scientific, and business objectives.
 - C5.2.1 The infrastructure required to support technical, program, and business objectives is Y2K compliant where applicable.
 - C5.2.2 NREL's Information Technology infrastructure (telecommunications, networks, and business systems) is systematically developed and maintained supporting NREL's 5-Year Plan.
 - C5.2.3 Strategies for the Research Support Facility are developed and proposed consistent with NREL's overall facilities plan and meeting DOE requirements.

6.0 **Environment, Safety, and Health** – Ensure that NREL protects the safety and health of the workforce and the community, and protects the environment.

6.1 Sustain excellence in safety and health, and environmental protection.

C6.1.1 NREL is prepared for DOE on-site validation of its Integrated Safety Management System (ISMS).

C6.1.2 A composite indicator for ES&H performance is developed and implemented to effectively represent the status of NREL's protection of the workforce, the public, the environment, and property against pre-established performance metrics.